

107TH CONGRESS
2D SESSION

H. R. 3768

To amend the Internal Revenue Code of 1986 to provide tax credits for hiring workers retrained in Trade Adjustment and Assistance programs.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2002

Mr. BALDACCIO introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax credits for hiring workers retrained in Trade Adjustment and Assistance programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Worker Retraining In-
5 centive Act of 2002”.

1 **SEC. 2. REFUNDABLE CREDIT FOR PORTION OF SOCIAL SE-**
 2 **CURITY TAXES BORNE BY EMPLOYEES WHO**
 3 **COMPLETE TRAINING PROGRAM UNDER**
 4 **TRADE ACT OF 1974.**

5 (a) GENERAL RULE.—Subpart C of part IV of sub-
 6 chapter A of chapter 1 (relating to refundable credits) is
 7 amended by redesignating section 35 as section 36 and
 8 by inserting after section 34 the following new section:

9 **“SEC. 35. CREDIT FOR PORTION OF SOCIAL SECURITY**
 10 **TAXES BORNE BY EMPLOYEES WHO COM-**
 11 **plete TRAINING PROGRAM UNDER TRADE**
 12 **ACT OF 1974.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 14 gible individual, there shall be allowed as a credit against
 15 the tax imposed by this subtitle for the taxable year an
 16 amount equal to the individual’s social security taxes at-
 17 tributable to service rendered during the 1-year period be-
 18 ginning with the day the individual begins work for the
 19 employer.

20 “(b) LIMITATION.—No credit shall be allowed under
 21 subsection (a) with respect to an individual for a taxable
 22 year if the sum of the wages (as defined in section
 23 3121(a)) and compensation (as defined in section 3231(e))
 24 of such individual for such 1-year period is \$60,000 or
 25 greater.

26 “(c) ELIGIBLE INDIVIDUAL.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the term ‘eligible individual’ means an indi-
3 vidual who—

4 “(A) successfully completes a Trade Ad-
5 justment Assistance program under chapter 2
6 of title II of the Trade Act of 1974, and

7 “(B) within 1 year after the completion of
8 such program begins work with an employer in
9 a position requiring skills which are taught in
10 such program.

11 “(2) EXCEPTION.—For purposes of paragraph
12 (1), an individual shall not be treated as an eligible
13 individual if such individual is reemployed with the
14 same employer (or successor thereto) in the same or
15 similar position in which such individual last served
16 before beginning such program.

17 “(3) AGGREGATION RULE.—All persons treated
18 as a single employer under subsection (a) or (b) of
19 section 52, or subsection (n) or (o) of section 414,
20 shall be treated as a single employer for purposes of
21 this subsection.

22 “(d) SOCIAL SECURITY TAXES.—For purposes of this
23 section—

1 “(1) IN GENERAL.—The term ‘social security
2 taxes’ means, with respect to any taxpayer for any
3 taxable year—

4 “(A) the amount of the taxes imposed by
5 section 3101(a) on amounts received by the tax-
6 payer during the calendar year in which the
7 taxable year begins,

8 “(B) the amount of the taxes determined
9 using so much of the rate applicable under sec-
10 tion 3201(a) as does not exceed the rate of tax
11 in effect under section 3101(a) which is im-
12 posed by section 3201(a) on amounts received
13 by the taxpayer during the calendar year in
14 which the taxable year begins, and

15 “(C) the amount of the taxes determined
16 using so much of the rate applicable under sec-
17 tion 3211(a)(1) as does not exceed the rate of
18 tax in effect under section 3101(a) which is im-
19 posed by section 3211(a)(1) on amounts re-
20 ceived by the taxpayer during the calendar year
21 in which the taxable year begins.

22 “(2) COORDINATION WITH SPECIAL REFUND OF
23 SOCIAL SECURITY TAXES.—The term ‘social security
24 taxes’ shall not include any taxes to the extent the

1 taxpayer is entitled to a special refund of such taxes
2 under section 6413(c).

3 “(3) SPECIAL RULE.—Any amounts paid pursu-
4 ant to an agreement under section 3121(l) (relating
5 to agreements entered into by American employers
6 with respect to foreign affiliates) which are equiva-
7 lent to the taxes referred to in paragraph (1)(A)
8 shall be treated as taxes referred to in such para-
9 graph.

10 “(e) DENIAL OF CREDIT TO DEPENDENTS.—No
11 credit shall be allowed under this section to any individual
12 with respect to whom a deduction under section 151 is
13 allowable to another taxpayer for a taxable year beginning
14 in the calendar year in which such individual’s taxable
15 year begins.”.

16 (b) TECHNICAL AMENDMENTS.—

17 (1) Paragraph (2) of section 1324(b) of title
18 31, United States Code, is amended by inserting “or
19 from section 35 of such Code” before the period at
20 the end.

21 (2) The table of sections for subpart C of part
22 IV of subchapter A of chapter 1 is amended by
23 striking the item relating to section 35 and inserting
24 the following:

“Sec. 35. Credit for portion of social security taxes borne by employees who complete training program under Trade Act of 1974.

“Sec. 36. Overpayments of tax.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2002.

4 **SEC. 3. CREDIT FOR PORTION OF EMPLOYER SOCIAL SECU-**
5 **RITY TAXES PAID WITH RESPECT TO EM-**
6 **PLOYEES HIRED AFTER COMPLETING TRAIN-**
7 **ING PROGRAMS UNDER TRADE ACT OF 1974.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to business related credits) is amended by
11 adding at the end the following:

12 **“SEC. 45G. CREDIT FOR PORTION OF EMPLOYER SOCIAL**
13 **SECURITY TAXES PAID WITH RESPECT TO**
14 **EMPLOYEES HIRED AFTER COMPLETING**
15 **TRAINING PROGRAMS UNDER TRADE ACT OF**
16 **1974.**

17 “(a) GENERAL RULE.—For purposes of section 38,
18 the employer trade adjustment assistance hiring credit de-
19 termined under this section for the taxable year is an
20 amount equal to the aggregate of the qualified social secu-
21 rity taxes paid or incurred which are attributable to serv-
22 ice of an eligible employee rendered during the 1-year pe-

1 riod beginning on the day the employee begins work for
2 the employer.

3 “(b) LIMITATION.—No credit shall be allowed under
4 subsection (a) with respect to an employee for a taxable
5 year if the sum of the wages (as defined in section
6 3121(a)) and compensation (as defined in section 3231(e))
7 of such employee for such 1-year period is \$60,000 or
8 greater.

9 “(c) QUALIFIED SOCIAL SECURITY TAX.—

10 “(1) IN GENERAL.—For purposes of this sec-
11 tion, the term ‘qualified social security tax’ means,
12 with respect to any eligible employee for any taxable
13 year—

14 “(A) the amount of the taxes imposed by
15 section 3111(a) on amounts paid with respect
16 to such employee by the taxpayer during the
17 calendar year in which the taxable year begins,
18 and

19 “(B) the amount of the taxes determined
20 using so much of the rate applicable under sec-
21 tion 3221(a) as does not exceed the rate of tax
22 in effect under section 3111(a) which is im-
23 posed by section 3221(a) on amounts paid with
24 respect to such employee by the taxpayer dur-

1 ing the calendar year in which the taxable year
2 begins.

3 “(2) COORDINATION WITH SPECIAL REFUND OF
4 SOCIAL SECURITY TAXES.—The term ‘social security
5 taxes’ shall not include any taxes to the extent the
6 taxpayer is entitled to a special refund of such taxes
7 under section 6413(c).

8 “(3) SPECIAL RULE.—Any amounts paid pursu-
9 ant to an agreement under section 3121(l) (relating
10 to agreements entered into by American employers
11 with respect to foreign affiliates) which are equiva-
12 lent to the taxes referred to in paragraph (1)(A)
13 shall be treated as taxes referred to in such para-
14 graph.

15 “(d) ELIGIBLE EMPLOYEE.—For purposes of this
16 section, the term ‘eligible employee’ means an individual
17 who is an eligible individual (as defined in section 35(c)).

18 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction
19 or other credit shall be allowed under this chapter for any
20 amount taken into account in determining the credit under
21 this section.

22 “(f) ELECTION NOT TO CLAIM CREDIT.—This sec-
23 tion shall not apply to a taxpayer for any taxable year
24 if such taxpayer elects to have this section not apply for
25 such taxable year.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 38(b) of such Code is amended by
 3 striking “plus” at the end of paragraph (14), by
 4 striking the period at the end of paragraph (15) and
 5 inserting “, plus”, and by adding at the end the fol-
 6 lowing:

7 “(16) the trade adjustment assistance hiring
 8 credit determined under section 45G.”.

9 (2) The table of sections for subpart D of part
 10 IV of subchapter A of chapter 1 of such Code is
 11 amended by adding at the end the following:

“Sec. 45G. Credit for portion of employer social security taxes
 paid with respect to employees hired after com-
 pleting training programs under Trade Act of
 1974.”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2002.

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